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Contact: Jenny Rosenberg, 202-225-5051

**Towns, Kucinich Want Testimony from Schapiro, Bair and Cox on Bank of America-Merrill Lynch Merger**

***Chairmen schedule fourth committee hearing to determine SEC, FDIC role in bank bailout***

Washington, DC – Chairman Edolphus “Ed” Towns (D-NY) and Domestic Policy Subcommittee Chairman Dennis Kucinich (D-OH) today announced that the House Oversight and Government Reform Committee is taking further action to understand the federal government’s role in the Bank of America (BOA)-Merrill Lynch merger. On September 30, 2009, the Committee will hold a hearing featuring testimony from key regulators who were involved in BOA’s acquisition of Merrill Lynch and in determining if any laws were violated during that transaction.

This week, Chairman Towns and Congressman Kucinich sent invitation letters to Securities and Exchange Commission (SEC) Chairman Mary Schapiro, Federal Deposit Insurance Company (FDIC) Chairman Sheila Bair and former SEC Chairman Christopher Cox. After the Committee’s third hearing investigating the BOA-Merrill Lynch merger on Thursday, July 16, 2009, Chairman Towns stated that he would call Mr. Cox and Ms. Bair to testify in order to better understand the nature and extent of their involvement in the transaction.

While the hearing will focus on the extent of the SEC and FDIC’s involvement in the BOA-Merrill Lynch deal, the Committee will also examine the SEC’s proposed Consent Judgment with BOA that was rejected yesterday by Judge Rakoff in the Southern District of New York. Judge Rakoff

found that the proposed settlement “leave[s] the distinct impression that the proposed Consent Judgment was a contrivance designed to provide the S.E.C. with the facade of enforcement and the management of the Bank with a quick resolution of an embarrassing inquiry – all at the expense of the sole alleged victims, the shareholders.”

“By rejecting this settlement, Judge Rakoff has taken a giant step toward ensuring the integrity of our entire financial system,” said Chairman Towns. “Judge Rakoff asks why Bank of America executives and their lawyers are not being held responsible for failing to disclose information on \$5 billion in bonuses. That’s exactly the right question.”

Also, during the hearing, the Special Inspector General for the Troubled Asset Relief Program (SIGTARP) Neil Barofsky will present an audit that examines the decision-making processes associated with \$125 billion of Troubled Asset Relief Program (TARP) assistance to nine large financial institutions in October 2008, under the Capital Purchase Program. In particular, the audit is expected to examine Treasury’s decision making related to additional TARP assistance in connection with BOA’s acquisition of Merrill Lynch, and subsequent additional TARP assistance to BOA under the Targeted Investment Program and the announced Asset Guarantee Program’s loss protection on a pool of troubled assets.

The September 30, 2009 hearing will be the fourth in a series of hearings the Committee has held on the Bank of America-Merrill Lynch acquisition. Earlier this year, Chairman Towns opened an investigation into the events surrounding the BOA-Merrill Lynch merger and the role the federal government played in the transaction. The Committee already received testimony from BOA CEO Kenneth Lewis, Federal Reserve Board Chairman Ben Bernanke and then-Treasury Secretary Henry Paulson. On June 9, 2009, Chairman Towns subpoenaed internal email communications and other documents from the Federal Reserve.

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### Documents and Links

- [Letter to the Honorable Mary Schapiro](#)
- [Letter to FDIC Chairman Sheila Bair](#)
- [Letter to Mr. Christopher Cox](#)